types of small borrowers, without hassles and with a simplified procedure, is being examined by the Reserve Bank of India.

Service tax on future premium of LIC

2961. SHRI RAMA MUNI REDDY SIRIGIREDDY: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the existing life insurance policies which have been taken before imposition to service tax are also attracted to pay the service tax on their future premia;

(b) whether this move will not hit over 15 crores policy holders badly; and

(c) if so, how Government are contemplating to remedy them?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Service tax is leviable on taxable services provided or to be provided on the gross amount charged for such taxable services. In terms of the provisions of the Finance Act, 1994 service tax is payable on premia paid on the new/existing life insurance policies.

(b) and (c) Does not arise in view of (a) above.

Expansion of banking operations abroad

2962. SHRI V. NARAYANASAMY: Will the Minister of FINANCE be pleased to state:

(a) whether Government have taken a decision for selected Public Sector Banks to have foreign operations and expand its activities abroad; and

(b) if so, how many banks have been identified to start banking operations abroad?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) All Indian banks are allowed to open branches abroad based on certain prudential parameters keeping in view their over all ability to withstand international competition. Banks are also permitted to enter into joint ventures with Banks abroad as also set up subsidiaries.

Central loans to States

2963. SHRI N.R. GOVINDARAJAR: Will the Minister of FINANCE be pleased to state:

(a) the present status of Central loans granted to various States, State-wise and category-wise;

(b) whether the interest on the loans accounts for more than ten per cent of the total State Governments expenditure;

(c) if so, the details thereof;

(d) whether the Planning Commission suggests to waive all Central loans granted to States; and

(e) if so, the detail thereof and the time by when it is likely to be implemented?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) A Statement showing State-wise outstanding balance of Central loans in respect of Ministry of Finance as on 30.11.2005 is enclosed. (See below)

(b) and (c) Yes, Sir. Aggregate interest payments of the States as percentage of their total revenue expenditure stood at around 20 per cent in 2004-05 (RE).

(d) No, Sir.

(e) Does not arise.